

Message Text

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14

ACTION COME-00

INFO OCT-01 EUR-25 ADP-00 EB-11 OPIC-12 CIAE-00 INR-10

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FM AMEMBASSY THE HAGUE

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PASS COMMERCE FOR BIC

E. O. 11652: N/ A

TAGS: EGEN

SUBJECT: NELISSEN COMMENT ON FINANCING OF FOREIGN INVESTMENT
IN NETHERLANDS

1. FINANCE MINISTER NELISSEN AS GUEST OF HONOR AT OPENING UP
UPJOHN PLANT IN DELFZIJL APRIL 10, INCLUDED FOLLOWING REMARKS IN
HIS PREPARED STATEMENT: " THAT DOES NOT MEAN, THOUGH, THAT I DO
NOT HAVE CERTAIN RESERVATIONS, CERTAINLY AS MINISTER OF FINANCE,
WITH REGARD TO CONTINUED FOREIGN, AND CONSEQUENTLY AMERICAN,
INVESTMENT ACTIVITY IN THE NETHERLANDS; AT ANY RATE IF IT IS
FINANCED ALMOST ENTIRELY BY BRINGING IN CAPITAL FROM ABROAD. IN
THE PRESENT MONETARY SITUATION, WITH THE AMERICAN BALANCE OF
PAYMENTS SHOWING A LARGE DEFICIT, THERE WOULD HAVE BEEN SOMETHING
TO BE SAID, AT LEAST FROM A PURELY MONETARY POINT OF VIEW, FOR
BUILDING THIS PLANT ON THE AMERICAN COAST WITH DUTCH MONEY,
INSTEAD OF ON THE DUTCH COAST WITH AMERICAN MONEY, AS IS NOW THE
CASE. BUT THAT IS NO MORE THAN THE LAMENT OF A MINISTER OF
FINANCE WHO, DURING HIS TERM OF OFFICE, HAS UNFORTUNATELY HAD
TO DEVOTE TOO MUCH TIME TO THE QUESTION OF WORLD MONETARY
INSTABILITY AND ITS INFLATIONARY CONSEQUENCES FOR THIS COUNTRY.
FOR DELFZIJL AND FOR THE WHOLE OF THE NORTHERN REGION OF THE
COUNTRY THE ESTABLISHMENT OF THIS PLANT IS ONLY TOO WELCOME.
NEVERTHELESS, MORE CAREFUL ATTENTION CERTAINLY NEEDS TO BE GIVEN
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IN MY OPINION TO THE METHOD OF FINANCING FOREIGN INVESTMENT IN THIS COUNTRY. I WOULD INDEED WELCOME GREATER USE BEING MADE OF THE OPPORTUNITIES AFFORDED BY THE DOMESTIC CAPITAL MARKET IN THIS RESPECT."

2. COMMENT: THERE ARE TWO INTERESTING POINTS IN FOREGOING PASSAGE: (1) NELISSEN' S STATED (FROM PURELY MONETARY POINT OF VIEW") PREFERENCE FOR DUTCH INVESTMENT IN US RATHER THAN AMERICAN INVESTMENT HERE AND (2) HIS PREFERENCE FOR GREATER USE OF LOCAL CAPITAL MARKET RATHER THAN BRINGING IN DOLLARS FROM ABROAD. ALTHOUGH BOTH THESE POINTS REPRESENT CHANGES FROM DUTCH ATTITUDES IN THE 1960 S AND REFLECT DECLINING DUTCH ZEAL TO PROMOTE FOREIGN INVESTMENT IN HOLLAND PARTICULARLY IN HIGHLY INDUSTRIALIZED COASTAL AREAS, WE DO NOT READ INTO THEM ANY INTENT TO IMPOSE NEW RESTRICTIONS EITHER ON FOREIGN DIRECT INVESTMENT OR ON INFLOW OF DOLLARS TO FINANCE SUCH INVESTMENT.
TANGUY

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